

Fiscal Note

Fiscal Services Division



HF 630 – Hydroelectricity Property Sales Tax Exemption (LSB 2270HV)
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Fiscal Note Version – New

Description

House File 630 exempts hydroelectricity conversion property from sales tax.

Assumptions

Assumptions include:

- Currently one project will be eligible for the sales tax exemption.
- Total construction costs of the project are estimated at \$224.0 million with construction occurring between 2013 and 2015 impacting sales tax revenues between FY 2014 and FY 2016. Approximately 50.0% of the construction costs are assumed to be labor costs which are not currently subject to sales tax.
- Estimates include the impact of one project and do not include secondary impacts that may occur as a result of the project.

Fiscal Impact

The total state sales tax revenues will be reduced by an estimated \$2.4 million in FY 2014, \$2.4 million in FY 2015, and \$1.8 million in FY 2016. The following table provides the estimated fiscal impact to the State General Fund and Secure an Advance Vision for Education (SAVE) Fund. Additionally, the local option sales tax (LOST) amounts are estimated to be reduced by the same amount as the SAVE Fund amounts in FY 2014 through FY 2016.

Estimated Reduction in State Sales Tax			
	FY 2014	FY 2015	FY 2016
Reduction in General Fund Portion	\$ 2,037,000	\$ 2,037,000	\$ 1,528,000
Reduction in SAVE Fund Portion	407,000	407,000	305,000

Sources

Red Rock Hydroelectric Project Brochure
Iowa Department of Revenue
LSA calculations and analysis

/s/ Holly M. Lyons

April 11, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
